

ELLIS:LAWHORNE

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December 13, 2005

VIA HAND-DELIVERY AND ELECTRONIC MAIL SERVICE

The Honorable Charles L.A. Terreni
Chief Clerk
SC Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211

RE: PAETEC Communications, Inc. and American Long Lines, Inc.
For Approval of Merger, Discontinuance of Service and
Cancellation of Authority
Docket No. 2005-290-C, Our File No. 1080-10327

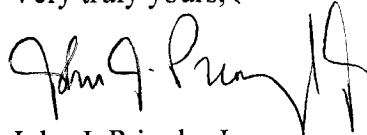
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2005 DEC 13 AM 11:09
SC PUBLIC SERVICE
COMMISSION

Dear Mr. Terreni:

Attached, please find the executed Stipulation between the Applicant and the Office of Regulatory Staff to be filed on behalf of PAETEC Communications, Inc. and American Long Lines, Inc. in the above-referenced docket.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it via the person delivering same. If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours, .



John J. Pringle, Jr.

JJP/cr

cc: Shannon Hudson, Esquire, Office of Regulatory Staff [via first-class mail service]
Ms. Mary O'Connell [via first-class mail service]
Mr. John Thomas Ambrosi [via first-class mail service]

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WHEREAS, the Applicants filed an Application before the Commission on September 21, 2005 seeking approval by the Commission under S.C. Code Ann. §§ 58-9-300 (1976) and 58-9-310 (Supp. 2004) of 1) the proposed transfer of all of the interests in

AMLL to PAETEC; so that AMLL may merge with PAETEC by December 31, 2005; 2) AMLL's discontinuance of service to its current customers as described in the Application so that PAETEC may begin serving the customers previously served by AMLL; and, 3) a cancellation of AMLL's certificate to provide telecommunications service in South Carolina after completion of the proposed merger; and,

WHEREAS, the parties to this Stipulation are the parties of record in the above-captioned docket and there are no other parties of record in this proceeding;

WHEREAS, the Parties have engaged in discussions, most recently on December 8, 2005, to determine if a settlement of this proceeding would be in their best interest;

WHEREAS, following these discussions the Parties determined that their interest and the interests of the public would be best served by resolving the above captioned matter under the terms and conditions set forth below:

1. The Parties stipulate and agree that PAETEC Corp., a privately-held Delaware holding company, is the current holder of 100% of the interests of the Applicants.
2. The Applicants stipulate that since PAETEC and AMLL provide the same services to the same markets, their customers can be served more efficiently by combining PAETEC and AMLL into one company.
3. The Applicants stipulate and hereby agree that there will be no change to the rates, terms, or conditions of service to the customers of AMLL or PAETEC as a result of the merger transaction. Applicants further stipulate and agree that the merger will be seamless and transparent to the current South Carolina customers of AMLL and

PAETEC as there will be no impact on the customers and their services in South Carolina.

4. The Applicants stipulate that the Commission's approval of this Application will permit PAETEC to realize efficiencies which will enhance its ability to compete more effectively in the telecommunications market and in South Carolina.

5. ORS agrees to the proposed transfer of AMLL to PAETEC as set forth in the Application whereby AMLL will be merged with and into PAETEC resulting in PAETEC being the surviving entity. ORS finds that the requested merger is not inconsistent with the public interest.

6. PAETEC and AMLL further agree to each file by January 31, 2006 a Universal Service Fund ("USF") worksheet for the year ending December 31, 2004. PAETEC AND AMLL also agree to each file a USF worksheet for the year ending December 31, 2005 no later than August 15, 2006. Lastly, the Applicants agree that the surviving entity of the proposed merger, PAETEC, will assume and continue, upon approval and completion of the merger, the Universal Service Fund contribution for revenue years after the merger. .

7. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Stipulation be accepted and approved by the Commission as a fair, reasonable, and full resolution of the above-captioned proceeding. The Parties agree to use reasonable efforts to defend and support any Commission Order issued approving this Stipulation and the terms and conditions contained herein.

8. The Parties agree that by signing this Stipulation, it will not constrain, inhibit, or impair in any way their arguments or positions they may choose to make in future proceedings. If the Commission should decline to approve the Stipulation in its entirety, then any party desiring to do so may withdraw from the Stipulation without penalty.

9. This Stipulation contains the entire agreement between the Parties hereto and the terms of said Stipulation may not be modified except by a written instrument duly signed by each Party.

10. This Stipulation shall be interpreted according to South Carolina law.

11. Each Party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Stipulation. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation. The Parties agree that in the event any Party should fail to indicate its consent to this Stipulation and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

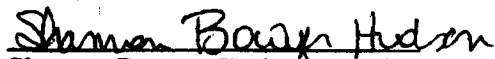
DOCKET NO. 2005-290-C

DECEMBER 12, 2005

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WE AGREE:

Representing and binding the Office of Regulatory Staff.



Shannon Bowyer Hudson, Esquire

Florence P. Belser, Esquire

Office of Regulatory Staff

1441 Main Street, Suite 300

Columbia, SC 29201

Phone: (803) 737-0889

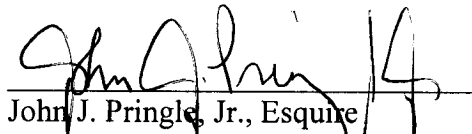
Fax: (803) 737-0895

E-mail: shudson@regstaff.sc.gov

Date: 12-13-05

WE AGREE:

Representing and binding PAETEC Communications, Inc.
and American Long Lines, Inc.



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Date: 12/13/05